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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

AUG 28 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Proposed Rules: Accounting Safeguards Under the
Telecommunications Act of 1996

CC Docket No. 96-150, FCC 96-309

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**PETITION OF THE NATIONAL NEWSPAPER ASSOCIATION
FOR ACCEPTANCE OF LATE FILING**

AUGUST 27, 1996

The National Newspaper Association, "NNA," petitions the FCC to permit it to file the attached comments in this docket one day later. NNA believes that the nature of its comments are such that no commenter nor the Commission will be disadvantaged by the acceptance of these views. A logistical difficulty in our office prevented the timely filing yesterday of this document.

Respectfully submitted,
NATIONAL NEWSPAPER ASSOCIATION

By: Tonda F. Rush
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August 26, 1996

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

Proposed Rules: Accounting Safeguards Under the
Telecommunications Act of 1996

CC Docket No. 96-150, FCC 96-309

COMMENTS OF THE NATIONAL NEWSPAPER ASSOCIATION

AUGUST 26, 1996

The National Newspaper Association, "NNA," hereby submits its comments pursuant to the Notice of Proposed Rulemaking, by the Federal Communications Commission which seeks comment on proposed measures to satisfy the accounting safeguards requirements, including those for affiliate transactions of Sections 260 and 271 through 276 of the Telecommunications Act of 1996. ("1996 Act"), issued August 1, 1996. Sections 260 and 271 through 276 of the 1996 Act outline the conditions under which incumbent local exchange carriers may offer telemessaging and alarm monitoring services and under which the Bell Operating Carriers ("BOCs") may manufacture and sell telecommunications equipment, manufacture customer premises equipment, offer interLATA telecommunications, information services, electronic publishing and pay phone services. NNA intends to limit its comments to the provisions relating to information services and electronic publishing by the BOCs.

Statement of Interest

The National Newspaper Association, founded in 1885, is the longest-standing association dedicated to the community press. Its present membership of 4,000 titles includes more than a third of the daily newspapers and a majority of the weekly newspapers in the United States. It also is open to college newspapers and community newspapers outside the U.S. NNA represents newspapers before all branches of government. NNA's membership encompasses publishers of newspapers serving many of the smallest communities in the country. NNA, in these comments,

seeks to focus the Commission's attention on these rural area and small businesses in their attempts to benefit from the deregulatory process in telecommunications services resulting from passage of the '96 Act. NNA's goal is to ensure community newspapers will have full and fair access to telecommunications markets at fair rates in a competitive environment so that all publishers, regardless of their size or their financial strength, can participate in providing new telecommunications services to their customers.

Discussion

NNA supports the goals of this FCC rulemaking that is intended to fulfill the statutory mandate of the 1996 Telecommunications Act. This is to be accomplished through structural and transactional separations, such as prohibiting the sharing of employees and property between the BOC and its "separated" affiliate. The FCC has tentatively concluded that it will apply its existing cost allocation and affiliate transaction rules, with modifications, in parts 32 and 64 of the FCC regulations. In general terms, NNA believes the rules to be adopted by the FCC will strengthen and protect competition and the local level, as envisioned by Congress.

NNA believes it is very important to adopt the most stringent rules to ensure that the incumbent carriers do not use their existing market power at the local exchange point to obtain an advantage in the markets they seek to enter. Our primary concern has to do with the provision of information services, particularly, electronic publishing, by the Bell Operating Companies, since it may have a direct impact on our smallest publishers at the local level who clearly cannot compete without a level playing field. Examples of services that the publishers would like to provide to their customers include audiotex and information over the Internet.

Our member publishers are representative of rural areas and smaller businesses across the country. On their behalf we urge the Commission to pay the highest attention to rural areas and small businesses both in formulating telecommunications regulations and in their administration.

Community newspapers generate unique information that is of very high value to local communities. While the mega-companies in the telecommunications business develop and maintain information of national and regional character, none has the relevant local information that is obtained and provided by local newspapers. As the Congress recognized, it is vitally

important for local information providers to have access to the system at fair rates that will allow them to be competitive with their larger competitors.

An example of how rural area and smaller businesses might be affected by the telecommunications policies contained in this rulemaking can be shown by two recent efforts to obtain N11 numbers by two newspapers.

Bell South and the Atlanta Journal-Constitution formed a partnership to begin an audiotex system in metropolitan Atlanta, Georgia. The partnership successfully applied for an N11 number covering the Atlanta area. The partnership paid Bell South approximately \$100,000 to program about 100 switches in Atlanta to direct the N11 calls to the partnership's system.

Later, the Citizen-Tribune in Morristown, Tennessee applied for and received an N11 number in its community. The Citizen-Tribune needed only a single switch reprogrammed. For this effort a fee of more than \$20,000 was proposed. In other words, the newspaper would pay one-fifth the price of the Atlanta reprogramming for only 1/100th the benefit.

Thus, while the smaller entity would have paid a lower total price, its costs would be entirely uneconomic given the size of its marketplace and the scope of the reprogramming work to be performed. In administering and interpreting the proposed rules, the FCC must remain sensitive to customers who are economically and geographically smaller so that the economic disadvantage to these entities does not become unreasonably heavy.

The legislation adopted by the Congress represents a good balance that reflects the concerns we have outlined above. The proposed regulations reflect that balance and we therefore urge the FCC to adopt that proposed regulations and request that no changes be made that would place any additional disadvantages on rural areas and small businesses that seek to disseminate important local information.

Respectfully submitted,
NATIONAL NEWSPAPER ASSOCIATION

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